

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF NATIONAL ESTIMATES

28 May 1968

MEMORANDUM FOR THE DIRECTOR

SUBJECT: Panama: Arias as President

1. It now appears that Arnulfo Arias will soon be declared the victor of the election of 12 May. There are likely to be some tense moments in Panama over the next few months, but the Robles administration, despite its resort to intimidation and fraud at unprecedented levels, does not appear to have found a sure formula for preventing Arnulfo from coming to power in October. This raises the question what kind of president Arnulfo would be the third time around -- he was removed before serving two years in each of his two previous administrations (1940-1941 and 1949-1951). This question is particularly pertinent where Panamanian relations with the US are concerned, since a major factor in his first failure was his leaning toward the Axis and against the US, and echoes of that affair were still reverberating in 1949.

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2. If Arias is allowed to take office in October, his conduct as president will be strongly conditioned by two factors. The first will be his relationship with his old nemesis, the Guardia Nacional (GN), which was instrumental in his removal from office in 1951 and whose commanding officers have long been stridently against him. The GN is moving toward accepting the inevitability of a victory by Arias, but not without regret that the Robles administration bungled its efforts to steal the election, and concern that a return to power by Arias will be bad for the Guard. The second factor will be the composition of the National Assembly, whose 42 members were also elected on 12 May. So far we know little about which candidates actually won in the voting,

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[REDACTED]

[REDACTED] Unless Arias can put together a workable and durable majority coalition in the Assembly, he will face the same kind of difficulties in carrying out a program that President Robles encountered when his majority coalition began to splinter after his first few months in office.

3. If Arias were able to reach a modus vivendi with the leaders of the National Guard and to maintain a working

majority in the National Assembly, the chances for approval of some kind of Canal treaties would probably be better under him than they were under Robles, or would be if Arnulfo's principal opponent, David Samudio, were in office. This is not because Arias as president would be particularly easy for the US to deal with. It is because Arias can command broader popular support in Panama and because he would like to be the president who liberated Panamanians from the provisions of the existing treaty, which they consider particularly heinous and incompatible with their sovereignty. Furthermore, we think that his conduct in recent years indicates that Arias has learned -- albeit belatedly -- the utility of establishing a good working relationship with the US.

4. We do not mean to imply that Arias will accept the treaties which were negotiated in 1967 by representatives of the US and Panama, but never submitted for ratification in either country.\* Whoever occupies the presidency in Panama

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\* There were three treaties involved. One replaced the present Canal treaty and provided both considerably increased financial remuneration for Panama and a minority voice in management of the Canal. Another deals with bases and status of forces problems. The third is concerned with the location and operation of a new sea-level canal.

will have to secure improved terms before submitting them to the Assembly and to public opinion. If the treaties were renegotiated, however, we believe that Arias, a nationalist among nationalists, would be less vulnerable to charges of selling out to the Yankees and would have a better chance of organizing congressional and public support for them than either Robles or Samudio. So partisan are Panamanian politics, however, that many of those who reluctantly supported the terms secured by Robles would probably bitterly oppose better terms for Panama obtained under Arias.

5. We are not at all confident that the concessions accorded in the proposed treaties would have been acceptable to the United States Senate. In any case negotiations of new treaties would now have to take into account the nature of the objections which have developed in Panama since the current drafts were published. Base rights have become the most urgent issue, and early complete sovereignty over the Canal Zone and over any new canal only less urgent. These symbolic issues have received much more attention than the size of compensation from tolls. It is conceivable that next year, after the elections in both countries have been over for a while, new treaty proposals might have some chance of being approved. But we are not at all sanguine about the prospects.

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6. Regardless of what happens on the Canal treaties, however, an Arias administration is likely to press harder with more radical domestic measures than Robles did. It will be quite a trick for Arias to hold together his electoral coalition which included oligarchs and middle class professionals and businessmen, as well as the lower class followers whose votes appear to be bringing him to power. Whether he undertakes the extensive program of reforms he promised while campaigning, or reneges on a number of those promises, Arias seems bound to lose a substantial amount of his present support.

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25X1 [REDACTED]  
25X1 [REDACTED]

[REDACTED] we think he would be increasingly likely to try to accomplish by fiat what he cannot accomplish by legislation.

FOR THE BOARD OF NATIONAL ESTIMATES:

[REDACTED]

ABBOT SMITH  
Chairman

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